

EXHIBIT V

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

THE ERICA P. JOHN FUND, INC., On Behalf
of Itself and All Others Similarly
Situated.

Plaintiff, Civil Action No.:
-against- 3:02-CV-1152-M
HALLIBURTON COMPANY and DAVID J. LESAR,
Defendants

Videotaped oral deposition of LUCY ALLEN, taken pursuant to notice, was held at the law offices of BOIES SCHILLER & FLEXNER LLP, 575 Lexington Avenue, New York, New York, commencing September 22, 2014, 9:09 a.m., on the above date, before Leslie Fagin, a Court Reporter and Notary Public in the State of New York.

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1 APPEARANCES:

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3
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8 BY: CARL E. GOLDFARB, ESQUIRE
9 DAVID NELSON, ESQUIRE

10 -and-

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16 Attorneys for Defendant
17 910 Louisiana Street
18 Houston, Texas 77002-4995
19 BY: DAVID STERLING, ESQUIRE

20 ALSO PRESENT:

21 CHAD COFFMAN, Global Economics Group
22 JAMES CHRISTE, Videographer23
24 L. Allen
25 & Foti, also for plaintiff.
1 MR. GOLDFARB: Also with us is Chad
2 Coffman from Global Economics Group.
3 MR. STERLING: David Sterling,
4 Baker Botts, for the defendants.5 LUCY ALLEN, called as a witness,
6 having been duly sworn by a Notary
7 Public, was examined and testified as
8 follows:

9 EXAMINATION BY

10 MR. GOLDFARB:

11 Q. Good morning, Ms. Allen.

12 A. Good morning.

13 Q. About how many times have you been
14 deposed before?15 A. I don't know. My report lists my
16 testimony in the last four years, I believe
17 so, and it's been more times than that, so
18 prior to four years, I've also been deposed.19 Q. I'm just going to go over some
20 ground rules, although I'm sure you are
21 familiar with them.22 If I ask a question and your
23 counsel doesn't instruct you to not answer,1
2 THE VIDEOGRAPHER: We are now on
3 the record and recording.4 This begins disk No. 1 in the
5 deposition of Lucy Allen in the matter
6 of the Erica P. Fund, Inc., et al.,
7 versus Halliburton Company and David
8 Lesar in U.S. District Court for the
9 Northern District of Texas, Dallas
10 Division.11 Today is September 22, 2014. The
12 time is 9:09 a.m.13 This deposition is being taken at
14 575 Lexington Avenue in New York at the
15 request of Carl Goldfarb.16 The videographer is James Christe.
17 The court reporter is Leslie Fagin.18 Will counsel state their appearance
19 and who they represent.20 MR. GOLDFARB: Carl Goldfarb from
21 Boies Schiller on behalf of the
22 plaintiff.23 MR. NELSON: David Nelson, Boies
24 Schiller on behalf of plaintiff.

25 MS. MILLER: Kim Miller, Kahn Swick

1 L. Allen
2 you are required to answer if you understand
3 the question.

4 Do you realize that?

5 A. Yes.

6 Q. Is there anything that would keep
7 you from testifying truthfully and accurately
8 today, any medication you are on or anything
9 like that?

10 A. No.

11 Q. If I ask a question and you don't
12 understand it, you can tell me that.13 If you answer a question, I'm going
14 to assume you understand it, is that fair?

15 A. Yes.

16 Q. If you need to take a break for
17 some reason, if you let me know, I'm not
18 going to take a break instantly, but I will
19 try to take a break after a line of
20 questions, so please let me know if you need
21 to use the facilities or whatnot.

22 A. Okay.

23 Q. About how many expert reports have
24 you done in Federal securities cases, do you
25 know?

1 L. Allen
 2 at the 95 percent level, no matter what index
 3 or how you control for peers or market.

4 Q. That's over the two days, one day
 5 is 90 percent, one day is 99 percent, over
 6 the two days, it's 95 percent. Was that not
 7 what you found in this case?

8 A. I don't know if that's what I
 9 found. This says, I think the movement would
 10 be statistically significant.

11 Q. I'm going to show you now what I am
 12 marking as Exhibit 3, which is your expert
 13 report in this case.

14 MR. STERLING: "This case" being?

15 MR. GOLDFARB: The same case we are
 16 talking about, In Re: Lawrence.

17 Q. I believe you did two expert
 18 reports, this is the one in 2003 and it's
 19 open to page 3. If you could look at the
 20 bottom paragraph on that page, please.

21 (Allen Exhibit 3, Expert Report of
 22 Lucy P. Allen, In Re: Lawrence Group,
 23 Inc. versus Barton, et al., marked for
 24 identification.)

25 Q. Here, it says, defendants say --

1 L. Allen
 2 A. No, I cannot.
 3 Q. If you look at the front page of
 4 it, that's available on West Law, it says,
 5 Expert Report of Lucy P. Allen, In Re:
 6 Lawrence Group, Inc. versus Barton, et al.?

7 A. I see that. This isn't the format
 8 or the look of what a report of mine would
 9 have, so if this is my report, it just
 10 wouldn't have looked like this as I put it
 11 together.

12 Q. This is -- I will represent this is
 13 the form it takes when you print it off West
 14 Law.

15 Do you have any reason to think
 16 this is not your report or an accurate copy
 17 of your report given, even though the format
 18 might look a little different?

19 A. I don't know. I would have to look
 20 at it. I'm just saying -- just from -- it's
 21 just not the look of a report that I would
 22 do.

23 Q. Do you have any reason to think
 24 what you read out loud is not what you wrote
 25 in an expert report in this case at that

1 L. Allen
 2 would you read the paragraph at the very
 3 bottom of the page?

4 MR. STERLING: Which page?

5 MR. GOLDFARB: Page 3.

6 Q. Could you read in the record, The
 7 defendants claim that the increase.

8 A. Defendants claim that the increase
 9 in the claim of MTI stock was not
 10 attributable to the announcement of the ADL
 11 demonstration. The earliest story we find
 12 reporting on the ADL demonstration is at 8:00
 13 a.m. on October 21, 1997. After controlling
 14 for movement in an index of peer companies,
 15 we find a statistically significant positive
 16 reaction on October 21st at the 90 percent
 17 significance level. In addition, we find a
 18 statistically significant market adjusted
 19 stock return at the 99 percent level on
 20 October 20th, the date preceding the
 21 announcement. See Exhibit 3.

22 Q. That's enough.

23 If you look at this, can you
 24 confirm that this is an expert report you
 25 prepared in this case?

1 L. Allen
 2 time?

3 A. I don't have a specific reason, no.

4 Q. Do your colleagues at NERA
 5 sometimes use two-day reports?

6 MR. STERLING: You mean two-day
 7 windows?

8 MR. GOLDFARB: Thank you.

9 Q. In doing event studies, do your
 10 colleagues at NERA sometimes use two-day
 11 windows?

12 A. As a general approach, as I
 13 generally described, and I believe that same
 14 approach is followed by my colleagues and I
 15 don't --

16 Q. I'm going to show you what I have
 17 marked as Exhibit 4, Allen Exhibit 4, which
 18 is a study by David Tabak and Frederick
 19 Dunbar, Materiality of Magnitude Event
 20 Studies in the Courtroom.

21 (Allen Exhibit 4, study by David
 22 Tabak and Frederick Dunbar, Materiality
 23 of Magnitude Event Studies in the
 24 Courtroom, marked for identification.)

25 Q. I would like to ask you to -- do

1 L. Allen
 2 you see on page 7, under B, there is a few
 3 paragraphs under the event window and if you
 4 look at the top of page 8, you see it says,
 5 In securities fraud cases, many experts have
 6 adopted the convention of looking at one, two
 7 or five-day periods following an
 8 announcement. The most recent academic
 9 announcements express support for the shorter
 10 one or two-day window, although it recognizes
 11 that, in practice, longer windows are often
 12 used, is that correct? Did I read that
 13 correctly?

14 A. Yes.

15 Q. And is Mr. Tabak one of the people
 16 who you said was -- I don't remember the
 17 terminology, independent reviewer or outside
 18 reviewer of your report in this case?

19 A. That's correct.

20 Q. And I believe he is also the person
 21 you cited to when you were referencing a
 22 decision to use one type of correction for
 23 multiple event testing as opposed to another,
 24 right?

25 A. Correct.

1 L. Allen
 2 plaintiff's expert, Ms. Nettlesheim's, event
 3 study, there is no statistically significant
 4 price reaction on December 21st.

5 Q. I didn't ask you if there was a
 6 statistically significant price reaction.

7 I asked whether this chart shows
 8 that the stock went down on December 21st and
 9 went down more on December 22nd?

10 A. I don't know that that's what I
 11 see. The stock moves around a little bit on
 12 December 21st. I have done a statistical
 13 test of whether the stock price is moving in
 14 a statistically significant manner on
 15 September 21st, as has plaintiff's expert,
 16 Ms. Nettlesheim, and neither of us has found
 17 that the stock price is statistically
 18 significant.

19 MR. GOLDFARB: I would like to go
 20 off the record.

21 THE VIDEOGRAPHER: It's 6:09. We
 22 are off the record.

23 (Recess.)

24 THE VIDEOGRAPHER: It's now 6:21
 25 and we are back on the record.

1 L. Allen

2 Q. Now, you say that -- talking about
 3 the December 21st and 22nd days, you say, The
 4 allegation that the market did not react to a
 5 piece of news for almost two full trading
 6 days and then reacted to it is inconsistent
 7 with the conclusion that Halliburton stock
 8 traded in an efficient market, right? Do you
 9 say that on page 59 of your report?

10 A. Yes, I believe that's correct.

11 Q. Now, if you look at page 44 of your
 12 report, and you look at December 21st and
 13 December 22nd on page 44, there is a chart?

14 A. Yes.

15 Q. The stock does go down somewhat on
 16 December 21st, does it not, and then
 17 experiences a larger drop later in the day on
 18 December 22nd, the following day in the
 19 afternoon?

20 A. I'm sorry, what are you saying?

21 The stock does what?

22 Q. Goes down some on December 21st and
 23 goes down more in the afternoon of the 22nd?

24 A. The movement on December 21st,
 25 according to my event study, as well as

1 L. Allen

2 Q. Ms. Nettlesheim -- my apologies --
 3 Ms. Allen, in any other case, have you looked
 4 at regression for the year following the
 5 class period to draw any instances about what
 6 happened during the class period?

7 A. Yes, I believe so, but as I sit
 8 here, it wouldn't come to mind specifically.

9 Q. So you believe so, but you can't
 10 name a case in which you have done that?

11 A. That's right, I couldn't classify
 12 cases in my mind by that particular aspect,
 13 so I do believe I have done that, but I
 14 can't, as I sit here, think when.

15 Q. Can you describe anything about any
 16 case in which you would have done that?

17 A. I don't have a specific
 18 recollection. I mean, I can't think I -- I
 19 would believe I would have done that, I don't
 20 have any specific case, does not come to
 21 mind.

22 Q. I'm not asking you what you believe
 23 you would have done. I'm not asking you what
 24 you have a specific recollection of.

25 I'm asking, as you sit here, can

1 L. Allen
 2 you identify any case in which you have done
 3 that, even if you can't remember the name of
 4 the case?

5 A. I don't have a specific
 6 recollection. My belief is that I would have
 7 done it, but I can't recall a specific
 8 instance, though.

9 Q. Have you ever, in any other case,
 10 looked at the volatility of other companies
 11 to make inferences about what effect did the
 12 stock price of a different company?

13 MR. STERLING: Do you mean applied
 14 volatility?

15 MR. GOLDFARB: Yes. Thank you.

16 A. I believe so.

17 Q. Can you identify any case in which
 18 you've done that?

19 A. Not that I can specifically recall,
 20 no.

21 Q. Can you identify any textbook, case
 22 or other authority that endorses the
 23 methodology that you've used in this case in
 24 drawing your conclusion that none of the
 25 alleged corrective disclosures affected the

1 L. Allen
 2 sort of finance or academic context because
 3 there would not be a class period, except in
 4 a legal context, sure, there have been
 5 articles talking about event studies that
 6 describe different periods, this may be one,
 7 this may make --

8 Q. That talk about using a post -- a
 9 period for a year after the event in question
 10 to do a regression and then draw inferences
 11 on what happened to the day or days prior to
 12 that year?

13 A. Yeah. So, for example, sure. For
 14 one, I'm not sure that's what I've actually
 15 done in this case. I'm not sure why you are
 16 asking that question, but, yes, I think there
 17 are a number of articles that I have seen
 18 that have discussed that -- the period over
 19 which the regression is run can be a period
 20 before a class period, can be a period during
 21 the class period and sometimes be a period
 22 after a class period.

23 Q. Separate question. In the
 24 situation where you have a divergence between
 25 the market reaction to a piece of news and a

1 L. Allen
 2 Halliburton stock price?

3 A. Sure. I could point to academic
 4 authorities that use methods that I am
 5 describing or whose methodologies and
 6 findings are consistent with the approaches
 7 that I have taken here.

8 Q. Can you give me an example of an
 9 academic authority and tell me which of the
 10 methodologies it is consistent with?

11 A. Well, I mean, this is -- for
 12 example, one of the things --

13 Q. In the interest of time, I will
 14 rephrase the question.

15 Can you think of any academic
 16 authority that supports the use of a
 17 regression after the class period to make
 18 inferences about what happened during the
 19 class period?

20 A. This paper that you've talked
 21 about, when you talk about academic
 22 authorities and you are talking about a class
 23 period, it would have to be an academic
 24 authority that's talking about an event study
 25 in a legal context, rather than in another

1 L. Allen
 2 stock analyst's reaction to a piece of news,
 3 how do you decide if the market is right or
 4 the analysts are right?

5 MR. STERLING: Objection. Form.

6 A. I don't think that's a fully
 7 developed question or hypothetical, so I'm
 8 not sure how to answer that.

9 Q. There can be more, obviously,
 10 specifics in the hypothetical, but if a stock
 11 price, say, goes significantly down and the
 12 analysts say that's an overreaction, how do
 13 you decide if the analyst is right, that it's
 14 an overreaction or the market is right? What
 15 kind of things would you look for?

16 A. Regarding an overreaction?

17 Q. An alleged overreaction.

18 A. Well, there are a number of things.
 19 One way to look at an overreaction is if
 20 there is a later correction, so if the market
 21 goes down a lot and then rebound, that, in
 22 itself, would be generally consistent with an
 23 overreaction. That might be one piece of
 24 evidence.

25 What some of the academic

1 L. Allen
 2 literature does in terms of -- so there is
 3 some academic literature on market efficient
 4 that looks at whether the market consistently
 5 overreacts and one of the things is that --
 6 Q. Besides a rebound, what, if
 7 anything, else would you look at to determine
 8 whether or not the market is overreacting or
 9 the analysts are wrong? If the analysts are
 10 saying it's an overreaction, you could look
 11 to see if the market rebounds. What, if
 12 anything, else would you look to?

13 A. Well, we would have to think more
 14 about what your question is. What do you
 15 mean, the analysts are wrong? So I guess we
 16 would have to say, what do you mean by an
 17 overreaction?

18 Q. An overreaction, the analysts are
 19 saying that the stock price drop was not
 20 justified, the market overreacted to some
 21 news, I'm trying to get, in your view, how do
 22 you decide who is right, the analyst or the
 23 market?

24 A. I don't think that's a question
 25 that I'm particularly looking at here and I

1 L. Allen
 2 right, but one of the -- one type of
 3 information one can look at to see if a
 4 market is overreacting is whether analysts
 5 who were studying the stock think that the
 6 market overreacted.
 7 Another type of analysis one could
 8 do to analyze whether there is stock
 9 overreacted is to see when similar
 10 information is announced, is there the same
 11 reaction or is this reaction bigger or
 12 different than what had other times happened
 13 when the same information was announced.
 14 There are other types of analyses where some
 15 of which the analysts are doing in this case,
 16 were to take the actual market reaction in
 17 terms of a dollar amount and look at the
 18 information that's being announced and
 19 saying, how big an effect would this
 20 information have to be from a valuation
 21 standpoint in order to justify that kind of
 22 market price reaction, so you can do some
 23 sort of ground up valuation analysis of the
 24 specific components of an announcement to see
 25 if the market reaction makes sense from a

1 L. Allen
 2 would have to understand what you mean by who
 3 is right.
 4 Oftentimes, it's important to know
 5 what the analysts, in general, are thinking.
 6 Is this different than what their
 7 expectations were and if they're saying that
 8 the market reacted differently than their
 9 expectations, that, in itself, can be
 10 information that can be important, depending
 11 on what your question, your study.

12 Q. As you sit here, can you think if
 13 there is anything else you would look at
 14 besides a rebound that you would look at?

15 A. To answer what question? Your
 16 question doesn't make sense to me.

17 Q. To determine whether the market has
 18 overreacted to a piece of news when the stock
 19 price has gone down, besides seeing if there
 20 is a rebound, can you think of, as you sit
 21 here, anything else you would look at to
 22 determine whether the market got it right or
 23 the analyst got it right?

24 A. Well, I don't know what you mean by
 25 the market got it right or the analyst got it

1 L. Allen
 2 valuation standpoint.
 3 Q. Would you also look at the
 4 long-term reaction of the stock price?
 5 MR. STERLING: That was the last
 6 question.
 7 MR. GOLDFARB: That's fine.
 8 A. I'm sorry?
 9 Q. Would you also look at the
 10 long-term reaction of the stock price?
 11 A. The long-term reaction of the stock
 12 price, what do you mean by that?
 13 Q. What happens in the weeks and
 14 months following the alleged overreaction?
 15 A. If you are just talking about one
 16 company's stock price, I think perhaps you
 17 can do that, yes. I think that may be more
 18 difficult if there is more information coming
 19 out, so I think some of the academic articles
 20 do that. If you do a whole cross section of
 21 companies, if you look at a whole bunch of
 22 companies, it may be easier to look over a
 23 longer time period because you can think that
 24 individual things that might effect one
 25 company might not -- might sort of come out

1 L. Allen
 2 in the wash when you are looking at a whole
 3 bunch of companies at one time. I think
 4 looking over a longer time period for one
 5 individual company, it can be a little harder
 6 to make a determination or I'm not sure what
 7 you would do with that. You would see the
 8 stock prices going up or down or whatever or
 9 mature over a longer time period, how much
 10 easier it would be to come to some
 11 conclusion, but that would be something you
 12 could look at.

13 MR. GOLDFARB: I think I'm out of
 14 time. No more questions.

15 THE VIDEOGRAPHER: The time is 6:36
 16 p.m.

17 (Time noted: 6:36 p.m.)

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 2 ---
 3 DEPOSITION SUPPORT INDEX
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 5 Direction to Witness Not to Answer
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1
 2 CERTIFICATE
 3
 4 I HEREBY CERTIFY that the witness,
 5 LUCY ALLEN, was duly sworn by me and that the
 5 deposition is a true record of the testimony
 5 given by the witness.

6
 7 Leslie Fagin,
 7 Registered Professional Reporter
 7 Dated: September 22, 2014

8
 9
 10 (The foregoing certification of
 11 this transcript does not apply to any
 12 reproduction of the same by any means, unless
 13 under the direct control and/or supervision
 14 of the certifying reporter.)

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1
2 ACKNOWLEDGMENT OF DEPONENT
3

4 I, , do hereby
5 certify that I have read the foregoing pages,
6 and that the same is a correct transcription
7 of the answers given by me to the questions
8 therein propounded, except for the
9 corrections or changes in form or substance,
10 if any, noted in the attached Errata Sheet.

11 LUCY ALLEN DATE
12

13 Subscribed and sworn
14 to before me this
15 day of , 2014.

16 My commission expires:

17 Notary Public
18

19 -----
20 E R R A T A
21 -----

22 PAGE LINE CHANGE
23

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25